2022 Investor update

9 December 2022

Introduction

Duncan Wanblad

Chief Executive, Anglo American Plc

Slide 1 – Welcome

Good morning, everyone and welcome.

Thank you for joining us in person and on the line. We always appreciate your time.

Slide 2 - Cautionary statement

I encourage you to read this slide carefully in your own time.

Slide 3 – Focused on our strategic priorities

These are my 4 priorities that I talked through in some detail earlier in the year – and they are absolutely unchanged.

Many of you joined us for our second sustainability update of the year just six weeks ago, Stephen will touch briefly on a few important pieces of progress since then, but our focus today will be on the other 3 priorities – safety, stability and value-adding growth.

I'm not going to provide an update on strategy as I remain very comfortable with our strategy, having been head of strategy for the last few years. That strategy centres around portfolio, innovation and people. Of course, it will continue to evolve rather than step change.

Slide 4 - Safety is our first priority

Safety is without exception our first priority.

As I discussed at our recent sustainability update, we have had two workplace fatalities this year – that is 2 people who will be sorely missed by their families, friends and colleagues every day. It is not acceptable and it is incumbent upon us to improve.

Our injury rates underscore this imperative to re-focus the attention of the entire workforce. Without a doubt, planned work is always safer. Embedding that consistently through our Operating Model has been a key priority through the second part of the year, as we have worked to restore our operational disciplines post the necessary disruptions of Covid.

2022 operating performance & outlook

Duncan Wanblad

Chief Executive, Anglo American Plc

Let's step back for a moment and look at the broader macro challenges.

Slide 6 - Challenging and dynamic operating context

The world we are operating in has become more challenging, no doubt.

From the profound disruptions of the pandemic, through to more challenging and volatile geo- and socio-politics, which for example, we have seen impacting on permitting processes; as well as conflict that is creating significant market dislocations and pushing some economies towards recession – and rising societal expectations. Inflation is driving up costs and the cost of capital. And the impact of all this has been exacerbated by climate change; we are certainly experiencing more frequent, more extreme weather events around the world.

We have responded to the effect of these challenges – be that lack of people or skills availability, dislocated supply chains or high inflation.

Slide 7 - Sequential performance improvement in 2022 as stability is re-embedded

As you know, our H1 was impacted by these events, but we did improve through the second half.

I am confident that our focus during 2022 on prioritising our operational activities, getting back to basics and ensuring our Operating Model is implemented appropriately as we move into 2023 will put us in good shape. Don't get me wrong, we still have work to do in places but we know what we need to deliver and the teams have clear, coherent plans in place.

Slide 8 - Step-up in H2 performance despite some operational challenges

The team have done a really good job of managing the challenges that have been thrown at them but in some areas we need to adjust our plans:

1. Ore quality – lower grades, recoveries and challenges with harder material are impacting us in Chile, PGMs, Nickel and Minas-Rio – you have seen that in our numbers this year and they will continue to impact us over the next few years. Of course, we knew about these pressures, and we expected to be able to offset it through blending strategies and amendments to our processing strategies. But for example, with the harder ore, there was always a degree of estimation in how it would handle through the comminution process. And the development activities to firm up those estimates were the ones that were necessarily deprioritised as we operated with fewer people available during covid as well as not being able to get our central technical experts out to site – so we are now having to do that work real-time.
2. Logistics and operational parameters – at both Kumba and Steelmaking Coal we are working within a different set of operating parameters than we previously expected. At Kumba, the logistics determine our production capacity - with Transnet being the key constraint there. We have tempered our expectations accordingly. At Steelmaking Coal, as we have ramped up the longwalls we are now much clearer on how those protocols translate into operational performance. We still see significant potential but we need to continue that learning journey and embed that in our processes first, prioritise stable and then we can incrementally look to step it up from there. Load-shedding in South Africa has also impacted production around the edges and again we will have taken this into account in our guidance.
3. Ramp-ups – at Quellaveco and Venetia underground we are factoring in a slower ramp-up than previously anticipated. At Quellaveco, that is just a slower start to the ramp-up; while at Venetia underground that is driven by ground and logistics challenges – exacerbated by those challenges of covid, supply chains and weather that I touched on earlier – albeit the strong performance from the last cut of the Venetia open pit benefited 2022 with us upgrading guidance by 1Mct at the half year – so, net-net, we're flat vs previous guidance.

Finally, we are also taking into account increased **weather** uncertainty and are now building resilience into our operations accordingly.

We have the right team in place and they have the right focus. We will be executing on that focus.

Slide 9 - Attractive 10%+ growth by 2024 – despite guidance revisions

Those same challenges I have touched on have led to some adjustments to our guidance.

To highlight a few things here:

De Beers – Volumes step-up in 2025 as we enter a higher grade area at Orapa, as well as the ongoing ramp-up of Venetia underground - and assumes strong underlying demand.

Copper – I have spoken to the grades in Copper already.

PGMs – 2025 reflects the Siyanda switch from POC to tolling.

And I have touched on the resetting of the **Bulks** guidance.

We fundamentally still offer highly attractive 11% growth by 2024.

Slide 10 - Leveraging our leading capabilities to maximise portfolio potential

We have focused our efforts on safe and consistent operational execution to provide a solid, stable platform going into 2023.

As we have regained that momentum, we have moderated our production plans and re-phased certain of our investments to better reflect the highly dynamic external environment, with clear priorities to deliver that stable platform for strengthened and repeatable performance.

Looking beyond 2023, I am confident that this reset positions us well to execute on our strategy. We have the right assets focused on future-enabling products and our Operating Model builds in performance stability while identifying the capability of each asset.

We believe that our technology offering and our integrated approach to the full breadth of sustainability are both differentiated and industry-leading and will enable us to unlock the full capability of the assets.

That prioritisation is also why we split Tony's role into two. Matt, in his role as Group Director for Technical, will focus on delivering and maintaining stability and then driving for best practice levels of operational and technical excellence; while the new Group Director for Projects and Development will focus on the project and technology development opportunities, including all our data analytics and decarbonisation work.

We then apply our strong, customer-centric marketing capabilities to optimise value and identify opportunities as a broader materials solutions provider as we take our product to market. That customer focus is something that De Beers has been focused on a daily basis for many decades, of course.

And our suite of attractive organic growth provides strong options to deliver at least 25% growth in volumes over the next decade. And it does not stop there. We will sequence these options appropriately based on capital efficiency and returns, while keeping flexibility to compare against inorganic opportunities, but always for value.

The ramp-up of Quellaveco over the next year is a significant step towards that growth and I will talk a little bit later about Woodsmith. Collahuasi, Mogalakwena and Sakatti are the other main contributors.

Collahuasi is a great ore body and there is plenty of potential for progressive expansions there that, as you know, we are working on with the team and our partners.

With that I will hand over to Stephen to take you through some of the numbers.

The numbers

Stephen Pearce

Finance Director, Anglo American Plc

Thanks Duncan. Morning all. This morning I will be covering:

- 2022 – a quick update as we wrap up the year
- 2023 and beyond – where we are heading in terms of production, costs and capital

Slide 12 - 2022 full year guidance

Turning to guidance for the full year 2022 numbers.

Capex expected to come in a little under our existing guidance at ~$5.7bn driven by a combination of delays, deferrals and weaker producer currencies. I'll talk more on capex and guidance shortly.

Production – Duncan has covered the main drivers there.

Costs up ~16% on 2021 versus the 18% impact we had in the first half. Pleased to see that improving in H2 as volumes stepped up. If you recall – 12% of the 18% impact in H1 was volume related.

We are seeing a build in working capital this year of around $2.0-2.5bn. That number depends on where prices land at the end of the year plus things like logistics and markets remain volatile but a few data points for your models. We had a $1bn build in working capital at the end of H1.

Of the total of $2.0-2.5bn over the year:

- ~0.7 is the ramp-up of Quellaveco and Steelmaking Coal – that's good
- ~0.3 is higher De Beers inventories to support sales in the new year – that's also good
- ~0.6 is the PGMs (Polokwane smelter delay) and Kumba due to the Transnet strike, both of which should largely reverse in 2023.

A couple of other guidance points:

- Depreciation coming in slightly lower than expected at ~$2.6bn driven by weaker producer currencies and lower production.
- And ETR expected to be circa 34%.

Slide 13 - Sustainable focus on costs in 2023

Duncan has talked you through the volumes for 2023, I will now focus on 2023 unit costs.

Copper equivalent unit costs are forecast to rise ~3% - though the impact of FX rates in our countries of operation is hard to predict. Increasing volumes in 2023 help offset the impact of inflation – and if we exclude Quellaveco from that number, we are looking at around a 9% increase – which probably gives a better reflection of the underlying cost pressures. That compares to the ~16% increase I already mentioned for 2022. We are hopeful that inflation in 2023 will moderate from the very high levels we have seen in 2022.

The impact of inflation differs across our geographies, as shown here for year to date 2022, and by cost type with varying impact from electricity, wages and diesel.

We remain incredibly focused on our cost drivers, but always balancing this with the security of supply.

That focus applies to both opex and capex.

Slide 14 - Capex cost inflation offset by deferrals

With Quellaveco now successfully delivered and in ramp-up, we are cognisant that the near-term macro environment remains challenging and we are still seeing inflationary impacts feeding into capital projects. While weaker producer currencies often help to balance some of that, we are prioritising our capex to the most value accretive brownfield or greenfield projects, both the near and longer term. We are making sure we are allocating capital to the right projects, at the right time. Further detail on our attractive options in the appendix as usual.

We will continue to progress the Mogalakwena workstreams but will defer construction of the third concentrator in light of current supply chain disruptions and the high inflation environment. And we will use this time to continue optimising the design of the concentrator for maximum value, while integrating our ongoing in-field learnings for the new technologies we want to embed, such as CPR.

In steelmaking coal, the focus will remain the safe and stable ramp-up of the longwalls. Once we are confident in the stability of the performance, we can possibly look to reinstate the project to debottleneck the wash plant.

We have often spoken about the time it takes to bring a project through design, approvals and execution and those challenges remain for the industry as a whole.

Closer to home here in the UK, Woodsmith is our next major greenfield project after Quellaveco and we are carrying through that best practice into our revised approach to how we configure, plan and develop Woodsmith. We have approved ~$0.8 billion of capex for 2023 to continue the shaft sinking phase and other critical infrastructure and Duncan will talk more about the progress shortly.

We have always said that we would design and execute Woodsmith with an Anglo American lens and that it was likely to cost more, take longer and that we had a positive, but conservative, view of the market price but we expect upside to that as the market for this product develops. All of this, so that we maximise the long-term value of this long life asset, and none of that has changed. As Tom and the Woodsmith team continue to progress all the workstreams, including our view of what is currently a very strong fertiliser market, we will feed that into our models for year-end accounting purposes and assess carrying value.

Slide 15 - Generating holistic value as we progress towards our sustainability goals

We often get asked about our operating costs and capital commitments to our sustainability goals and you often hear me say, you are looking at this the wrong way round. We have made a number of announcements recently so I wanted to update you on a few of these key projects:

Our sustainability projects deliver clear economic upside and we consider sustainability in the broadest sense of the word – resource base, balance sheet, costs, carbon, water, biodiversity, communities, jobs, economic development…. the list goes on.

Our scope 2 emissions relate entirely to our purchased electricity requirement:

- SA represents approximately 40% of our demand but 82% of our scope 2 emissions given the grid is largely thermal coal powered. Renewables is an emerging industry in South Africa and so a different solution is required than what we have been able to implement in the rest of the world.
- We have now partnered with EDF Renewables to form Envusa Energy (we will bring in a BEE partner in the future).
- We have an initial pipeline of 600MW of projects moving into execution.
- It is NPV accretive, the capital costs shared with others and Envusa itself will grow in value over time and help supply the region's just transition.
- In the rest of the world, Australia, Brazil, Chile and Peru – 100% renewable by 2025. All contracts are NPV accretive.

Water:

- We recently announced the Los Bronces integrated water solution that will deliver >45% of the operation's water requirements from 2025.
- We are also progressing an innovative water swap solution that would deliver the rest of the water needs of Los Bronces by swapping desal supply with a larger offtake of industrial water.
- The local community get the clean desal water and we utilise industrial water that would otherwise be discharged.
- All of the above is in our operating and capital cost guidance as appropriate and all is NPV positive.

We also announced on Wednesday that we have signed the agreement to combine nuGen™ with First Mode (our partner in developing the zero emission haulage solution).

- We will have a majority stake and inject $200m of capital over the course of 2023.
- This is a significant step to continue the journey to decarbonise our mining fleet
- It also opens up the possibility to commercialise the technology across the mining industry and the broader economy.

Slide 16 - Our balanced offering: balance sheet, shareholder returns and value-adding growth

We remain committed to our clear capital allocation framework.

We will maintain a strong balance sheet and apply a clear prioritisation and value focused approach to invest in sustaining our operations and maintaining asset integrity. Noting that for year-end, our leverage will increase from the very low levels at the half given the returns to shareholders and the working capital build I have discussed.

We remain committed to our 40% payout ratio which should provide investors with an attractive dividend yield. After that commitment, we would also look at our discretionary capital options - both organic and inorganic - as well as additional shareholder returns. You will recall we have returned $3.6bn of excess cash by way of special dividends and buybacks over the last 3.5 years.

Our growth capex remains focused on future-enabling, high margin products.

With that, Duncan, back to you.

Future-enabling portfolio positioned for long-term demand themes

Duncan Wanblad

Chief Executive, Anglo American Plc

Slide 18 - A carbon neutral world requires metals and minerals

While the demand fundamentals over the long term look very strong indeed, supply is really very constrained and, as you have heard me say before, will struggle to meet the rapid acceleration in demand.

Recycling, substitution and thrifting will all play an essential role but cannot solve the equation and we still see a significant, structural shortage of primary metals and minerals.

Permitting is perhaps the single biggest factor delaying or blocking new supply – and covid has all served to exacerbate the backlog in approvals as governments faced the same challenges on labour availability as the mining industry. Projects that used to take around 10 years from drill hole discovery to first production are now taking in the order of 20 years. The current macro backdrop is likely to further delay projects and the development of new technologies within the sector.

Significant capital investment in primary supply will be needed to meet the demands of the energy transition if we are to meet a 1.5 scenario – which looks increasingly challenging in the timeframe we are chasing as a human race.

This all likely sets us up for structurally higher prices in the future.

Slide 19 - Our diversified portfolio is suited to future demand trends

To pick up Stephen's favourite theme of balance – I also look at the 'balance' in our portfolio.

The vast majority of our portfolio is what we call future-enabling products – thereby exposing us to the key long-term demand themes – primarily a cleaner, greener, more sustainable world with a growing, global population that needs homes, transport, food and a decent quality of life.

We also have a geographically diverse footprint – and this will diversify further with our growth pipeline.

With that footprint and history, we are an experienced operator in these jurisdictions and jurisdictions like these. And that provides us with a compelling advantage, we believe, when it comes to accessing some of the more remote or less fashionable orebodies that will supply into those demand trends.

Outlook for our products

Duncan Wanblad

Chief Executive, Anglo American Plc

Slide 21 - De Beers well positioned in a structurally attractive sector

Firstly – diamonds. We have a strong and differentiated position in the sector through the unmatched De Beers brand.

We have been a key player in driving the necessary modernisation of the industry with more efficient inventory management, increased online purchasing, and a growing consumer desire for products with demonstrable ethical, social and environmental credentials.

Provenance has become even more important – and we have taken that a leap forward through Tracr™, our proprietary blockchain technology. That technology currently covers stones down to around 0.3 carats polished – but the team is working hard to expand that with the goal of eventually being able to assure 100% of our production. That will truly set us apart as industry leaders and provide absolute assurance for consumers.

The sector itself offers an attractive diversification in the Anglo American end market exposure with around 50% of demand coming from the US. As you know, we like balance so that fits well.

We have seen a very strong recovery in diamonds from the lows of Covid with index prices up 45% and realised prices up significantly more, as that momentum reflected some pent-up demand working its way through.

Looking to the longer term, the diamond industry is fundamentally well set:

- Demand is expected to grow in line with global GDP – driven by a growing population and increasing middle class; and our strategy on lab grown diamonds, through Lightbox, has supported a clear distinction for consumers between natural stones and a manufactured product - with lab-grown now selling for around a 75% discount to natural – so that consumers can be in no doubt about what they are buying.
- And on supply – as a number of mines are now reaching the end of their lives and no significant projects of scale to fill all of that gap, global rough diamond production looks constrained.
- That sets up a very interesting dynamic and underpins our confidence in the outlook.

Slide 22 - Global electrification underpins strong copper demand

Copper of course has a strong demand underpin and I think that story is well understood and so I will keep this very brief. Significant quantities of copper are required in the need to electrify on the pathway to decarbonisation.

Taking light duty vehicles as one example – BEVs are over 3 times more copper intensive than an internal combustion engine – although longer term, thrifting may take around 10% off the current intensity.

That is driving an additional ~11Mt of energy transition copper demand even if you only look at the key sectors of power generation, transmission and distribution and vehicles.

In 2024, Anglo American could be a 1Mt copper producer, or close to it, at a competitive cost of ~150c/lb.

Slide 23 - Robust outlook for PGMs demand

The PGM basket price has stayed elevated, and despite rising BEV penetration, we continue to see a robust outlook for platinum, palladium and rhodium demand for the rest of the decade.

Emission control standards continue to tighten; and we expect hybrids to be an important stepping stone between pure internal combustion engines and pure BEV's.

For heavier forms of transport, hydrogen fuel cells, in which PGMs play a crucial role, seem likely to gain a significant market share towards the end of the decade and we continue to promote the technology in the

light-duty sector. PGMs are also used in the electrolysers to produce green hydrogen, and independent forecasts are for extremely strong growth here, not just for fuel cells but also to store renewable energy and decarbonise hard-to-abate sectors. We have also seen strong growth from other non-autos sources over the last decade – for example, in the manufacture of high quality glass used in electronics.

Longer term – these are young metals with unrivalled catalytic properties and we are confident that we will also see entirely new sources of emerging demand – both from a broader hydrogen economy but also a range of other interesting opportunities such as memory chips, food preservation technology and applications that may improve cancer drugs.

We continue to have an unrivalled competitive position in PGM supply. We have the best PGM assets in the world.

Slide 24 - Premium iron ore is essential for a low carbon transition

We often get asked why we consider our iron ore as a future-enabling product. I hope this slide helps answer that.

Steel is essential to the build out of renewables infrastructure and many carbon abatement technologies, and is expected to grow to at least 2050. Scrap makes up about 30% of supply today and expected to be close to 40% by 2050. There is not enough scrap steel to meet the rising demand for steel and so primary iron will remain vital to steelmaking.

Today, over 90% of the world's primary iron is made in blast furnaces. And the quality of what you put in determines the emissions that you get out. As a rule of thumb, every percentage point increase in the iron level reduces your emissions by about 2.5%.

Whilst we are a relatively small producer at around 65Mt, we have some of the highest quality iron ore on the planet. A steel producer can get a 20-25% emissions reduction simply from swapping a 58% product for our high quality products.

Higher grade iron requires less steelmaking coal reductant and lump ore allows producers to skip the emissions-intensive sintering process. We produce a ~67% Fe pellet-feed product at Minas-Rio and a ~64% Fe product at Kumba – with two-thirds of that being lump.

We strongly believe that demand for high grade iron ore will remain very strong as steelmakers look to reduce their emissions. We have set up partnerships with several steelmakers to further improve the efficiency of blast furnaces by using better quality raw materials

Where possible, we will target our product at DRI steelmakers, since DRI steelmaking has the potential to reduce CO_2 emissions by as much as 90%, if based on hydrogen produced from renewable electricity.

Slide 25 - High quality steelmaking coal supports the steel industry's low carbon transition

Continuing on that point…The IEA sustainable development scenario forecasts blast furnaces with and without CCUS remaining a significant part of the mix all the way through to 2050, which means there will be demand for quality steelmaking coals.

The seaborne market for steelmaking coal that we sell into is expected to be more resilient given it is higher quality so supports the more efficient, lower carbon blast furnace production. Similar, to my point on iron ore – the quality of your products is a key emissions determinant.

Slide 26 - Quellaveco ramp-up progressing well

At Quellaveco, ramp-up is progressing very well and we are on track to deliver the upper part of our guidance range this year.

It is then a case of the lines continuing their ramp up to their full capacity and we expect to be there from the middle of 2023. That means we should produce ~330kt at a highly competitive cost of around $1/lb next year.

Slide 27 - Applying Quellaveco's blueprint for successful project development

Quellaveco is our model for how to develop a modern mine today. It was delivered on time and on budget, with a two-year global pandemic thrown in. We will take the blueprint and all learnings from this project and apply them to all our future projects. It is about understanding the project in the most holistic, sustainable sense, getting the detailed engineering as advanced as possible, to de-risk as much as possible.

Slide 28 - Woodsmith: Physical progress

As you know, having successfully delivered Quellaveco, Tom is now leading Woodsmith. This year, he has re-prioritised the project with the focus on critical path items – which means we have pushed out a few areas that don't yet need to be developed, such as the port and materials handling facilities, and he has restructured certain contracts to align with our priorities for the project. The team is busy bringing all aspects of the project in line with Anglo American standards of project development – that includes progressing the detailed engineering to a much higher level of completion, just as we did with Quellaveco. At Woodsmith, we are developing a truly low impact mine – one that will set a new standard for the future of mining. We expect to come in around $500m of capex for this year.

The current phase of work is focused on 3 main areas – the tunnel, shafts and EPCM. The team is making significant progress and we expect this momentum to carry over in to 2023 and beyond with ~$0.8bn budgeted for the year. We should not ignore the fact that Woodsmith is a very different capital project to our other options. Two shafts, each a mile deep, is very different from an open pit and it requires a phased approach to development and capital approvals.

The major items of kit are largely already in place. The critical path construction of shafts and tunnels is advancing well and the transition to our enhanced execution approach completed. The MTS tunnel is around 21km advanced of the 37km total; the service shaft is descending well and has passed through the 250m mark; while the production shaft is ready to go in the new year. The cost of this development is more leveraged to time and labour, and this makes them exposed to slightly different drivers than other capital spend.

We are really very pleased with the asset, with the approach we are taking towards its development and the progress we have made this year in particular under Tom's leadership. We expect to update you during the first half of next year on the dimensions of the project we are working towards.

Slide 29 - Woodsmith: Developing POLY4 demand

While the construction work moves ahead, we have prioritised our product marketing efforts and I am very pleased with what we are seeing. The attractiveness of Woodsmith has only improved – and significantly so – since we acquired it.

Clearly prices are very high today partly driven by the effects of the war in Ukraine and the sanctions against Russia and Belarus – but also reflective of the strong fundamentals in the fertiliser space.

These are driven by those broader macro themes around population growth. Available arable land needs to become more productive while crop production needs to increase by 2-3% per year if we are to feed 10 billion people sustainably by 2050 – which needs to be achieved without expanding the current agricultural footprint and while reducing emissions. Geopolitical headwinds are also changing the market and increasing demand for more sustainable products.

POLY4 has a role to play in all of this, as an enabler of more efficient, sustainable and environmentally responsible crop nutrition. As you know – this is not just another fertiliser or potash product. POLY4 offers much more than that and that is what has always attracted us to this project and, if anything, I am now even more confident in this product and think the long term fundamentals continues to look better and better.

We now have 1,500 commercial-scale on-farm demonstrations completed and analysed and they are demonstrating very positive results. More than 3% yield improvements - and well above that on high value crops such as fruit and vegetable. These sort of yield increases can make a very significant difference to the economics of a farm - delivering a very attractive uplift in their income.

We still have a lot of work to do to make sure we are able to realise the full value of the product. We need to continue positioning the product and the brand in the market place, and we are leveraging relationships with distributors to help with this.

This is an incredible orebody, we are taking our time to make sure we get it right, both in the construction and the timing to develop the market for a high value product that absolutely aligns with all the trends we see.

Slide 30 - Q&A

In summary then – the world we are living in is changing and we are well positioned to deliver. We are setting this business up to be even more resilient, disciplined and opportunistic. We have the assets and the capabilities to deliver sustainable returns.

But right now, our feet are, and must be, firmly on the ground for what looks like a tough macro outlook in the near term.

I want us ready to come out the other side even stronger and to deliver the metals and minerals the world urgently needs in the cleanest and most responsible way possible.

With that, we are very happy to take your questions.

Q&A

Jason Fairclough (Bank of America): You presented a compelling longer-term story on diamonds, but the shorter-term does not feel that good. Do you have any comment on that?

Woodsmith - feels like a movie that a few of us have seen before where we get partial approval on slugs of capital but never really a whole project approval. We are never sure when to put it in the model and then all of a sudden there is a multibillion-dollar write-down. The project always looks NPV-positive from today, but we are not sure about the whole thing, leading up to it and even after the fact. Could you unpack that a little bit?

Duncan Wanblad: On diamonds, sales are quite seasonal and what you may be seeing is the end of the period which leads up to Christmas. The very strong season for selling polished diamonds is from Black Friday through to Christmas and then things go quiet for a bit. But the fundamentals underpinning diamond demand seem robust to us, there is no news from Bruce or the team that things are softening materially.

The big issue is what happens in China. China has been locked up for a very long time now, we can see that quite a lot of demand coming from the US is not replicated in demand coming from China. We expect that as China potentially starts to unlock, there is more potential there in the short run.

From a Woodsmith perspective, I appreciate all your points, but this is a mega-project and we have to be very thoughtful about how we are going to develop it. We will be as transparent as we can be with you as the project develops, and let you know what we are doing. This is going to be a project that when it is in operation, it is going to be around for at least 50 years, and possibly 50 years beyond that in terms of the potential reach from the resource. And when it is operating, it is going to be right at the bottom of the cost-curve.

We have to get this right, and there are many perturbations that we can think of, especially at the rate at which technology is developing. What we want to do is set ourselves up to be sure that we can accommodate those changes – for example - this is a deep-level underground shaft that when you have completed it, it is going to be quite difficult to change the infrastructure on it. If you have to add a couple of millimetres to the shaft now, that seems to be the right sort of thing to do.

Jason Fairclough: Is the project going to happen?

Duncan Wanblad: I cannot say that for a fact because this is about stage development and approvals. What is going to happen is we are going to spend in the order of $800 million taking it to the next level during next year. If at that particular point in time we want to change direction, we will do it and let you know. But it is not guaranteed to happen because the board has not approved it yet. They have approved the direction of travel and how we are thinking about developing it, but we still need some more information.

The quality of your estimate in terms of what it is going to take to deliver a project like this, is fundamentally underpinned by the quality of the data and the information that you put into the development models.

For example, at Quellaveco, the greatest analogy that I have there is that one of the highest risk areas that we were dealing with were the founding conditions under the mills - a small estimation error based on the data that you had available from boreholes could double the volumes from an earthworks point of view, or slow the project down by about nine to twelve months if that happened. The Asana River diversion was going through a whole lot of ground that we did not have a lot of information on – so we needed to get more information to clarify what the cost direction of development is.

That is similar to what we have here, except this is all in the ground in terms of shaft development. One year of difference in terms of how you think about setting this thing up from an execution point of view could save almost $1 billion in execution. Designing that sinking routine, is really important, and we have to be in the ground to get some of the ground data to modify the thinking of that sinking routine. That is the process that we are going through now.

Myles Allsop (UBS): The permitting challenges in Chile - could you talk about where we are with Los Bronces and the expansion of Collahuasi? What permitting's required and how big an expansion are we talking about?

Duncan Wanblad: On permitting, we are still progressing through the appeals process. This is a function of a committee of ministers sitting together to review the work that we had submitted, and we are hopeful that in six months or so, we will have a conclusion on that. If we do get that in the next six months or so, then there is relatively limited impact in terms of our production forecasts out beyond 2025.

On Collahuasi, we get 50,000 tonnes, our share, from Phase 1 which includes the fifth ball mill, which is currently under construction, and from the next Phase 2, a whole new line, which is about 100,000 tonnes, our share. We still have some permits to get, particularly around water, and that will be the work and the focus of this year. We are also challenging the team to think about what life might look like out beyond that, as it is a very large resource.

Liam Fitzpatrick (Deutsche Bank): On Woodsmith, given the upfront risks that are there, is partnering something that you are actively considering?

Duncan Wanblad: It is certainly one of the options that we would consider at the right time.

Liam Fitzpatrick: Appreciate there are different scenarios going on, but broad strokes, what are the ranges of when first production could come on for Woodsmith?

Duncan Wanblad: I am not going to front-run the conversation that we are going to have with you next year. We said it would take longer, cost more and that is all true.

Liam Fitzpatrick: On Minas-Rio, pre-COVID there was guidance that this could be optimised up towards 30 million tonnes. Is that still realistic? What kind of level could we see from that asset?

Duncan Wanblad: I think 30 million tonnes is realistic, but probably not in the original timeframe that we were thinking about. We are moving into hard itabirite ores, so there is quite a lot of processing technology that we will need in order to get to that sort of rate. We have probably moderated our expectations on the 30 million tonnes in the near-term future.

Ian Rossouw (Barclays): Similar question on steelmaking coal - you mentioned that the debottlenecking project will take a bit longer to come through. Do you still expect to get to 28-30 million tonnes longer term on that front?

Duncan Wanblad: Yes, in the longer term, but not in the next three years. What has happened there is that we had the gas incident and there were a number of regulations that were amended associated with that. Safety factors changed in terms of the way you operate in gaseous mines and we have had to adapt to new operating procedures, and changes in the technology that we use to determine gas, to determine strata, and then actively manage pre-emptively against that.

Two things going on there: new operating regime, with lower limits; and new technologies being deployed and implemented. I was recently there and at Aquila, it is probably one of the most modern mining operations that I have ever seen because instead of having all the crew operating underground on the long

wall, the vast majority of them were sitting in a process control room on the surface with cameras and sensors checking what was going on. That mine is cutting almost automatically on a permanent basis.

Ian Rossouw: With the new regulations, will it not be a constraint to get to 30 million tonnes?

Duncan Wanblad: No, we will have to be able to react quicker than we are under the current regulations, with the higher safety limits, than we currently are able to do.

Stephen Pearce: When you cross around that 24 million tonnes mark that is when you need to put the expansion into the wash plant to take it to those higher levels. The guidance out to 2025 at the moment, we have got 20-22 million tonnes as we scale up.

Ian Rossouw: On Sakatti, you mentioned that is within that 10-year guidance. Could you give us a sense of what that project could look like?

Duncan Wanblad: It is in the back end of that guidance. That project is in a nature park, and is a multi-commodity project, with PGMs and base metals. It will be a relatively small mine, about 100,000 copper equivalent, but a very lucrative mine. The process steps here are: we have to get the Finnish authorities over the line in terms of the permit approval; then we have got to get the European authorities over the line. We are being reasonably realistic in terms of the time that that is going to take, and therefore it is back-end of the period timing.

Richard Hatch (Berenberg): On Kumba, it seems like there are a few challenges - some issues with UHDMS (Ultra High Dense Media Separation) and Kapstevel South looks like it has been delayed a little bit as well. Can you talk to us about what is going on there? And on the 41-43 million tonne long-term target - is the expectation that you could ever get to those levels?

Duncan Wanblad: As far as the targets are concerned, fundamentally constrained by where we think Transnet might end up at the end of the day. That is the lifeline in and out of that operation, and quite a lot of work to do from where we are today to get it back to 41-43 million tonnes of capability.

However, it is not impossible to do, it has operated there before. There is some work that needs to be done on it and we have provided a lot of input and offered our assistance to do it, along with other users of that line. But I think we have to be realistic in terms of thinking about how long it might take us to do that and what the road might look like to get there.

As far as the operations are concerned, absolutely right on the UHDMS - unfortunately, this is a very redfield project, as you have to strip out an existing operation that is decades old and build back a new infrastructure inside of that space. As we started to strip out some of the old equipment, we found that the founding conditions and the materials that were in that plant, was going to take longer. We are also trying to run the operation in and around the area where we are stripping out the old plant to put the new plant in.

Richard Hatch: On cost and direction of cost. If I look back a few years, coal was produced at $65 / $70 per tonne. Now, we are at $100 per tonne. Appreciate there is some volume in there, but what is the long-term realistic target for costs in the steelmaking coal business?

And on diamonds, big jump up in operating cost 2023 versus 2022. What is going on there and, again, what is the direction of travel for cost in diamonds?

Stephen Pearce: The primary reason is volume driven - as we get the volume back in steelmaking coal, that will help drive off the cost back down to a more normal level. If I had to pick a number, hopefully, down towards the $80 per tonne mark.

Diamonds is also volume driven as we transition from the Venetia open-pit to the underground, with a slower than expected ramp-up. Longer term, I would like to think we get that back with the volume, so down towards $65 per carat.

Tyler Broda (RBC): You laid out a pretty compelling case for the long-term growth and demand for commodities and when I look at slide 10, you have got the 25% growth through to 2032. That is about 2.5% a year and about in line with where we have been in terms of historic commodity demand and I would assume we would go higher from there. From your point of view, how do you scale up Anglo American to be able to take advantage of that opportunity? In that environment, do you see the mining companies being able to benefit from this?

Duncan Wanblad: Let me start with the backend of your question first. I think there has to be more pragmatism in terms of coming at this in an appropriate way, particularly, by policy makers and governments, because if we do not, it will drive prices through the roof. And that is not necessarily a good thing – for example that will in turn drive inflation through the roof and that is also not necessarily a good thing in the long run. We have to have a more pragmatic and coordinated approach to policy-making as far as this energy transition is concerned and we do not see that yet. But it is a very large portion of my job and what I do with my peer group and with various parties and governments across the world.

In terms of Anglo American and what we can do about this, we would very much like to participate at a rate that is meaningful for us. The one thing that we are not going to do is lose our discipline on what it takes to execute these sorts of project. Just because we have a portfolio of 25% growth, it doesn't mean that we should throw everything at it in the short run, and not get it well executed.

It is a really difficult thing for the world because the world has ambitions in terms of this 1.5^0 C degrees, but that is not really supported by the availability of the materials to get it there unless we change the way that things are happening. That is something that has to change at a global level rather than at just a company level.

Alexander Pearce (BMO - Bank of Montreal): Building on the Transnet question, does it come down to investment in the infrastructure and is that something you would entertain going forward?

Duncan Wanblad: I don't think it is only investment, but investment must be a core part of this. It is about understanding where the core bottlenecks are. We have a track record, as an industry, on that corridor of having been able to effectively work with Transnet before. If you have a look at what the performance of those operations were during the COVID years, that is quite phenomenal - so definitely within our grasp and within our grip to get there.

It is a little bit about operations management and it is a little bit about maintenance management and then it is, obviously, a little bit about investment. And all of that in the round, we have to look at. We cannot look at that on our own, we have to do that with Transnet and with others. That is the work that we are doing with them at the moment.

Danielle Chigumira (Credit Suisse): Firstly, thinking about your basket of future-enabling commodities, you include diamonds and palladium and rhodium in that bucket. In the same way that you have clearly defended why iron ore is part of that bucket, could you talk about how diamonds is future-enabling? Could you also talk about any emerging, interesting technologies in palladium, for example, that could directly help decarbonisation?

Duncan Wanblad: Diamonds is very much a function of playing into themes of a global and a growing population that requires improvement in their lives. Customers and consumers want this product and we have the ability to provide it from some of the best assets in the world. So, it does play into a future-facing

theme because consumers always want to improve their lives. Diamonds is probably one of the best examples of rewarding yourself in that improvement of your life. Consumers want it and we have the ability to provide it.

As far as palladium and rhodium are concerned, as I said, no real major issue here for us at all in the short to medium term because I think that the transition to battery electric vehicles is going to go via the world of hybrid electric vehicles. And there's strong demand for these products.

More importantly is that as hydrogen becomes more and more economic, and is being deeply incentivised to be economic – in fact, there is some hydrogen now in the United States that you can get at $1 a kilogram - that changes the world in terms of what the cost of infrastructure might look like around the provision of systems for fuel cell driven vehicles. There is a real possibility that what we see in the heavy-duty vehicles will leverage themselves into light duty vehicles and there is a huge market there potentially.

Palladium and platinum and switching between the two, has a role to play in these emerging technologies. I wish Benny was here because he is very articulate in this. Certainly, in computer storage and speed and in the sort of food preservation technologies. These are sort of the sort of early potential applications that we see being developed over the next couple of decades.

Danielle Chigumira: On the emissions reduction profile - I noticed it is one of the presentations you have where you have not included that flight path and, obviously, given production guidance for 2023 and 2024 has come down, does that flight path look a bit different to how it previously looked?

Duncan Wanblad: I don't believe it does at all, Danielle, and the reason we did not include it was that we had spoken about it at the Sustainability update in October and I really wanted to focus on the other elements of our priorities in this presentation.

Alain Gabriel (Morgan Stanley): You are cutting your volumes by, let's say, around 10% for 2023 but also in the medium-term, while your cost base hasn't really changed, so mechanically, this would lift your positions on the cost curves across your commodities. Is the company's portfolio moving higher on the cost curve relative to peers in aggregate and do you think there is an urgency for a more meaningful restructuring across your portfolio?

Duncan Wanblad: If we do not do anything about the underlying cost base, then the reduction of volumes will have the effect that you have just described. It is our full intention to do something about the underlying cost base in parallel to where we see volumes landing in this period of time too.

Stephen Pearce: We have watched the other companies that have updated their guidance and there is probably a reasonably consistent trend across the industry. As Duncan says, as we get after the costs, we drive our volume. So, while the guidance is lower, we are still increasing volumes fairly significantly across those two years. We will chase both ends of those things hard to maintain and, hopefully, improve our relative position over time.

Alain Gabriel: Your long-term tax rate is rising by almost 200 basis points, which is a quite material shift. What has changed in your outlook?

Stephen Pearce: The tax authorities in the countries we are working in keep wanting to put up their tax rates so that is one of the main influences! There has been a general trend of increasing rates in recent years, UK is no different. We have seen what has happened in Chile, in Queensland in terms of royalties etc so there is a general trend there where states are looking to get a larger share of the cash flow. It is also very dependent on where we make the money, by commodity and by country. We give it our best estimate as to

where those prices would be over time from the different production facilities that we have in the different countries and that shapes our view.

Sylvain Brunet (BNP): You announced recently you had secured cover for 45% of your water needs at Los Bronces by 2025 with this desal agreement. Could you give us a sense of what are the options you're considering for the balance?

In terms of capital allocation and related to your, clearly, bullish medium term outlook for a lot of the commodities you produce - is Anglo American going to stick to the mantra of one greenfield at a time? And if we say that Woodsmith is going to keep Anglo American busy for the best part of the next three, four years at least. Does that mean that is likely that Anglo American would be in a position to deliver any other greenfield before the next decade?

Stephen Pearce: Firstly for the balance of the water supply at Los Bronces, we are working on quite an innovative additional water supply there. We would help underwrite the balance of the volumes from a desal plant but provide that clean water to the communities. In return, we would take a larger amount of industrial waste water that is currently discharged, I think, into the ocean; with this we would attain 100% of our water needs.

It is an absolute win-win scenario for us. It makes economic sense. It is cheaper than what we are currently doing at the moment and it is great for the communities in a water-challenged area. So, hopefully, this is a classic win-win-win solution for us, for the communities and for the planet in terms of our utilisation of water source. Still to be finalised but, hopefully, we are not too far away.

Duncan Wanblad: Clearly, this is a function of the volume of capital that you are spending at any one time and your ability to allocate the best resources that you have got in the company to ensuring the execution of that capital. And I still think that, practically and pragmatically speaking, more than one mega project at the same time is really difficult for any one company, certainly a company of our size, to effectively execute.

That does not mean that you cannot, in the phase-out of one project, start the ramp-up of another project, so long as you have got the right resources and the capabilities to allocate to those projects. That is how we think about the one major capital project at a time.

Dominic O'Kane (JP Morgan): Firstly, on the copper guidance for 2023, 2024. Could you maybe just help us unpack the split between Collahuasi, Los Bronces and also the grade profile at those assets?

You pushed Mogalakwena out again another 18-24 months for approval. Could you maybe just comment on what the challenges are at that project? And also what's the current Mogalakwena capex spend in your numbers for 2023/2024?

Duncan Wanblad: In essence, Collahuasi is just moving to slightly lower grade portion of the pit for a while - that happens from time to time as pits develop. Los Bronces is dealing with the fact that the ore predominantly arises from one phase, the Infiernillo 5 phase. It is very, very hard ore, very difficult to process and we have decided to split the bench there so we can get interstitial phasing of ore in a more blended way through the plants to offset the impact of this for a while. And that change in strategy reflects the outcome in the short-term.

Stephen Pearce: On Mogalakwena, I do not have the exact numbers in front of me, but we are absolutely continuing with things like the next phase expansion of the tailings capacity. We are investing a lot in the underground declines at Mogalakwena, in the processing plants and the concentrators. Obviously, there is a lot of stay-in-business capital that gets spent in those operations. We are expanding the use of, and

settling in, the coarse particle recovery technology plants at the processing units so that we can truly understand the benefit that drives into the design of the third concentrator when it comes.

We are spending a lot through platinum - you will see in their own presentation just how much capital that is. It is hundreds of millions of dollars both in terms of stay-in-business spend and those technology and expansion projects. This is really about timing than anything else. It gives us time to bed down the technology and understand the upgrade and concentration benefits in particular that this new technology brings. Hopefully, inflation will settle down a little bit in that timeframe and South Africa is not without its challenges at the moment, particularly, in terms of sourcing contractors of scale, of quality to execute a project like that as well. It is a fairly complex project. Those factors are feeding into how we are thinking about Mogalakwena capital.

Duncan Wanblad: This does not mean that we are not committing to Mogalakwena anymore in any sort of way at all. The commitment to dealing with the mine and the infrastructure around Mogalakwena is ongoing, and our plans incorporate that. We think that from a valuation point of view, timing of execution point of view, there is not a material difference if we defer the implementation of the plants, which are very capital intensive.

Christopher LaFemina (Jefferies): Duncan, you talked about how things in the industry are changing very rapidly and we've kind of gone from this China-led cycle to a decarbonisation cycle which has all sorts of different implications for the market spread. If we think about how end markets are changing and your comments about potentially a structurally higher price environment and structurally higher cost as well, does that imply a different view about long-term commodity prices? If you're thinking about higher long-term commodity prices, how does that change your approach to growth?

I ask that question because if we go back to the China cycle, it was kind of the same thing where initially, everybody was caught by surprise by this emerging massively growing end market and had this austerity in mining, but then the companies started to change their long-term commodity price forecast. That led to a massive increase in capex and supply growth. I wonder if that is where we are heading here as well. So, are you changing long-term commodity price assumptions, and if so, how does that affect your approach to growth?

Duncan Wanblad: We have not yet changed our view on long-term commodity prices but given what I said at the beginning, I think it behoves us to look through this from a structural point of view and decide whether, and in what commodities, there might actually be a potential for a change in long-term commodity prices. Completely accept your points that if this is not structural and if it is not long-term – and, I think, the drivers for the energy transition are very different from the drivers that we had in the last super cycle, potentially – then we get the outcomes that you suggested.

We continue to be really balanced and thoughtful about what that would mean to our growth profile. Even if we had another 10 projects, we probably could not execute them in the current environment in a way that was going to be effective from a returns point of view. That becomes the rate limiting step for a company like ourselves.

This is work that is ongoing, but I do think that the direction of travel would suggest that there might actually be some structural changes in some of the commodities' long-term prices and we need to understand what that means for the industry.

Christopher LaFemina: But even then, the limitations on production growth are physical limitations rather than economic, right?

Duncan Wanblad: Yes - that was exactly my point, if the price was through the roof, where are the projects and how do they come onstream?

Duncan Wanblad: Thanks very much everybody and those of you having a break over this period, please do have a good one and have a safe one. Take care.